



Foreign Agricultural Service

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# Nicaragua

## Coffee

### Annual

### 2002

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#### **Report Highlights:**

**Nicaragua's green coffee exports decreased to approximately 777,000 60-kg bags during the 2001/2002 harvest. Major trading partners include the United States, Germany and Spain. International low prices have created a disincentive for production, and many farms are facing serious cash-flow problems.**

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Includes PSD changes: Yes  
Includes Trade Matrix: No  
Unscheduled Report  
San Jose [CS1], NU

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## **Executive Summary**

Nicaragua coffee production has decreased in comparison to past years. Due to low international prices, the future is bleak for Nicaraguan farmers. According to FAS analysis, the current stocks are relatively high.

## **Production**

Nicaragua coffee production reached 900,000 60-kg bags (from this point on bags) during the 2001/2002 harvest. Production for the 2002/2003 harvest is estimated to drop to 875,000 bags.

Low international coffee prices have created a disincentive for local producers, and most farms are receiving minimum care. Thus the estimates for future production are on a decline.

## **Consumption**

Nicaraguan domestic consumption in 2001/2002 is estimated to have grown slightly to 157,000 bags.

## **Trade**

Nicaragua expects to export approximately 777,000 bags of green coffee during the 2001/2002 season. Our previous forecast was for 1,150,000 bags in 2001/2002. Leading partners include the United States, Germany and Spain. Other major buyers include Canada, countries in Europe and Japan. Nicaragua expects to export a similar volume in 2002/2003.

## **Stocks**

Based on information from the Nicaraguan Ministry of Agriculture, FAS estimates that local stocks are 259,000 bags in 2001/2002.

## **Policy**

The main policies being evaluated in Nicaragua in the coffee sector include: coffee credit subsidies to assist financially strapped farmers located in high altitude areas; evaluation of alternative crops or other forms of livelihood opportunities on coffee farms that are located in relatively low altitude areas. If the economic situation in coffee zones does not improve, an exodus of people is anticipated to nearby Central American countries and the United States. According to the coffee association, UNICAFE, the coffee sector provides direct employment to approximately 80,000 workers and provides seasonal and temporary employment to 300,000 people.

Two farms have reportedly diversified in 2002 by building small hotel facilities to promote eco-tourism.

## **Marketing**

Nicaraguan coffee exporters are researching opportunities in private labeling, futures sales contracts, relationship marketing and organic and environmentally sound marketing.

**Table 1: Production, Supply and Distribution: Coffee, Green**

PSD Table						
Country	Nicaragua					
Commodity	Coffee, Green				(1000 HA)(MILLION TREES)(1000 60 KG BAGS)	
	Revised	2001	Preliminary	2002	Forecast	2003
	Old	New	Old	New	Old	New
Market Year Begin		10/2000		10/2001		10/2002
Area Planted	98	110	98	110	0	110
Area Harvested	98	110	98	110	0	110
Bearing Trees	350	350	350	352	0	352
Non-Bearing Trees	43	43	43	43	43	43
TOTAL Tree Population	393	393	393	395	43	395
Beginning Stocks	284	284	50	323	65	259
Arabica Production	1243	1,367	1350	900	0	875
Robusta Production	0	0	0	0	0	0
Other Production	0	0	0	0	0	0
TOTAL Production	1243	1367	1350	900	0	875
Bean Imports	0	0	0	0	0	0
Roast & Ground Imports	0	0	0	0	0	0
Soluble Imports	0	0	0	0	0	0
TOTAL Imports	0	0	0	0	0	0
TOTAL SUPPLY	1527	1651	1400	1223	65	1134
Bean Exports	1300	1148	1150	777	0	770
Roast & Ground Exports	0	0	0	0	0	0
Soluble Exports	30	25	30	30	0	33
TOTAL Exports	1330	1173	1180	807	0	803
Rst,Ground Dom. Consum	132	140	140	140	0	144
Soluble Dom. Consum.	15	15	15	17	0	20
TOTAL Dom. Consumption	147	155	155	157	0	164
Ending Stocks	50	323	65	259	0	167
TOTAL DISTRIBUTION	1527	1651	1400	1223	0	1134